



NEWS RELEASE

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KC MAN PLEADS GUILTY TO MULTI-MILLION DOLLAR MORTGAGE APPRAISAL SCHEME

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Kansas City, Mo., man pleaded guilty in federal court today to his role in a conspiracy to defraud home buyers and mortgage lenders of millions of dollars.

Phillip D. Thomas, 49, of Kansas City, waived his right to a grand jury and pleaded guilty before U.S. District Judge Gary A. Fenner this morning to a three-count information, admitting to his role in a mortgage fraud conspiracy.

Thomas was a real estate appraiser doing business as Thomas Appraisal Service in Kansas City and Lee's Summit, Mo. He did appraisals for Ameriquest Mortgage in Gladstone, Mo., and Countrywide Home Loans, which also did business as America's Wholesale Lender, as well as other mortgage companies, lenders and brokers.

By pleading guilty to Count One of the federal information, **Thomas** admitted that he conspired to fraudulently obtain approximately 177 loans in the amount of more than \$12 million from mortgage companies between May 1999 and June 28, 2002, in Kansas City and Lee's Summit.

As part of the conspiracy, **Thomas** admitted that victim-investors were solicited to obtain loans to purchase real estate. The loans were obtained by preparing fraudulent loan applications and supporting documentation for submission to the mortgage companies in the names of the victim investors. The fraudulent information included false and inflated appraisals, Graves said. That false information was submitted to the mortgage companies, which would, as a result, approve the respective loans.

Thomas's role in the conspiracy was to prepare false and inflated appraisals and to instruct his co-conspirators to conceal and disguise the actual poor condition of properties from

lenders to justify the inflated appraisals. **Thomas** also fabricated rental income information on properties to support the valuations his co-conspirators wanted on the properties.

For example, **Thomas** gave an inflated appraisal for \$42,000 on a home located at 2012 Elmwood, in Kansas City, on July 28, 1999, when he knew that the home was sold to a co-conspirator for \$8,500 on March 16, 1999.

As part of the conspiracy, **Thomas** admitted that he prepared a total of 75 inflated appraisals between June 9, 1999, and Nov. 1, 2000.

By pleading guilty to Count Two of the federal information, **Thomas** admitted to his role in a separate mortgage fraud scheme and pleaded guilty to wire fraud. He was involved in the fraud with three others who also have pleaded guilty to separate but related charges.

Anthony Long, 34, of Blue Springs, **Carl Edward Long**, 55, of Oak Grove, Mo., and **Mitchell David Medlin**, 43, of Lee's Summit, also waived their right to a grand jury and pleaded guilty to a federal information charging them with playing a role in devising a mortgage appraisal and down payment scheme. **Anthony Long** pleaded guilty on April 22, 2005, and **Carl Long** and **Medlin** pleaded guilty on April 21, 2005.

Anthony Long and his father **Carl Long**, who worked in the mortgage lending industry and did business as Community HomeBanc, Community HomeBanc of America and First Equity Banc, initially developed the scheme to defraud both home buyers and mortgage lenders. **Medlin**, who was engaged in residential and light commercial construction and did business as M&R Construction, LLC, in Lee's Summit, joined the **Longs** in executing the scheme after it had started.

Anthony Long, **Carl Long** and **Medlin** initially devised the scheme in which they would induce individuals to purchase duplexes at Westwind Properties in Lee's Summit and promise them no down payments and no other expenses or obligations connected with the properties, including no closing costs. **Anthony Long**, **Carl Long** and **Medlin** also obtained inflated appraisals from **Thomas**, provided false lease and rental information in connection with the appraisals and caused false listings and sales to be entered into the multiple listing service database.

Anthony Long, **Carl Long** and **Medlin** falsely indicated to lending institutions that the buyers were paying down payments and closing costs resulting in the buyer taking out a larger loan and paying a higher price for the home than necessary. Once the loans were approved to purchase the homes at the higher appraised value, the co-defendants received payment for the purchased property based on **Thomas's** fraudulently appraised value.

By pleading guilty, **Carl Long** admitted that he executed a scheme to defraud multiple lending institutions of millions of dollars from Dec. 4, 2000, through Oct. 12, 2001, in Independence, Lee's Summit, Raytown and Kansas City, Mo. **Carl Long** caused a total of 15 fraudulent loans valued at approximately \$2,008,860 between Feb. 22, 2001, and Oct. 12, 2001.

The scheme continued into Westvale Properties in Lee's Summit and eventually Viking Place Properties in Independence, Mo.

Anthony Long and **Medlin** admitted that they were involved in the scheme from Dec. 4, 2000, through Aug. 20, 2003. They admitted that as a result of the scheme, 120 fraudulent loans were obtained valued at approximately \$17,947,070.

Thomas admitted that he prepared inflated appraisals for loan applications that resulted in a total of 115 loans being obtained in a total amount of \$15,660,270. An example is a home located at 410 Westwind Drive in Lee's Summit, which was purchased for \$85,000 and sold on the same day for \$125,700, a 68-percent mark-up.

By pleading guilty to Count Three of the federal information, **Thomas** admitted to engaging in a monetary transaction involving criminally derived funds greater than \$10,000. Specifically, **Thomas** admitted that he purchased a residence using a loan application that contained false information, and that at the time he closed on that loan he provided false information again regarding a payment made toward the loan. **Thomas** claimed he was making a payment toward the loan at the time of closing when, in fact, the payment was made by another individual. Still, the loan had been approved and the lending institution sent a wire transfer for the loan in an amount of \$1,132,504.17. The proceeds of the loan were then given to a co-conspirator who, in turn, gave **Thomas** a check in the amount of \$97,349.12 for his participation. **Thomas** then took the check he received and purchased a cashier's check in an amount of \$97,000 and deposited it into his business account.

These cases are being prosecuted by Assistant U.S. Attorney Linda Parker Marshall. They were investigated by the Federal Bureau of Investigation and the Internal Revenue Service, with assistance from Freddie Mac.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow